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SUMMARY

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SOUTHEAST ASIA**1. Comment on truce extension in Saigon:**

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The truce extension to 12 April, which Premier Diem accepted at the urging of General Collins, still leaves unresolved the basic dispute between the government and the Binh Xuyen rebels.

Diem remains determined to remove Lai Van Sang, a leading Binh Xuyen figure, from the position of director general of national police. General Collins concurs, but General Ely is opposed on the ground that such action might provoke "civil war." The French have failed to point out, however, why the problem of a gangster-controlled police force can be more satisfactorily resolved at some future time. The Diem government will continue to lose face so long as it is prevented from meeting the Binh Xuyen's challenge.

Ely now agrees with Collins that joint French-American pressure on Bao Dai to support the removal of Sang would be a constructive move. Previously the French had insisted that Diem and his opponents, including the Binh Xuyen gangsters, be treated as equals.

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NEAR EAST - AFRICA

4. Israel seeks top-level meeting with Egypt:

Israeli prime minister Sharett asked Ambassador Lawson on 4 April to request the American government to arrange a discussion

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between "top-level Egyptian and Israeli representatives" on the Gaza border situation. Sharett said that the Israeli cabinet had held an extraordinary meeting earlier in the day to consider the intolerable situation in the Gaza area and a request to the United States to persuade Egypt to stop its "provocative border actions."

Sharett added that defensive action by Israeli forces will be taken if provocative border incidents inspired by Cairo continue, and that Israeli military patrols are in this area to protect settlers and will not be withdrawn.

Comment: Despite Sharett's assurance to Lawson that the proposed discussions would deal only with the Gaza situation, Egypt would probably refuse to meet with Israeli officials for fear that such talks would be used by Tel Aviv to promote an over-all peace settlement. Cairo is more likely to insist that all contacts between the two governments on this question be kept within the framework of the UN Mixed Armistice Commission.

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